HEARTWOOD PROPERTIES LIMITED
Incorporated in the Republic of South Africa
(Registration number 2017/654253/06)
4AX Share Code: 4AHWP
ISIN: ZAE400000044
("Heartwood Properties" or "the Company")

Consolidated and Separate Financial Statements
for the year ended 28 February 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Heartwood and its subsidiaries ("Group") main business activity is property investment
Directors	LJ Whall J Dumas JH Scher MR Evans AG Utterson B Seeff
Registered office	Unit 8 Tonquani House 6 Gardner Williams Avenue Paardevlei Somerset West 7130
Business address	Unit 8 Tonquani House 6 Gardner Williams Avenue Paardevlei Somerset West 7130
Bankers	Standard Bank of South Africa Limited
Auditors	PKF Octagon Inc. Registered Auditor
Secretary	Kilgetty Statutory Services Proprietary Limited
Company registration number	2017/654253/06
Tax reference number	9627959175
Level of assurance	These consolidated and separate financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The consolidated and separate financial statements were independently compiled by: Finleys Outsourced Business Services Proprietary Limited - N Nortje CA(SA), under the supervision of J Dumas CA(SA), financial manager.
Published	30 May 2019
External issuer agent	Pallidus Capital Proprietary Limited
4AX share code	4AHWP
ISIN	ZAE400000044

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Audit Committee Report

The audit and risk committee has pleasure in submitting this report, as required by section 94 of the South African Companies Act No 71 of 2008 ("the **Act**").

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee has adopted formal terms of reference, delegated to it by the board of directors ("the **Board**"). The audit and risk committee has discharged its functions in terms of its terms of reference and ascribed to it in terms of the Act as follows:

- Reviewed and monitored key policies and processes;
- Made recommendations to the Board regarding the appointment of the auditor and lead audit partner
- Verified the independence of the external auditors, PKF Octagon for 2019 and noted the appointment of Mr Stephen Tucker as lead audit partner for the subsidiary audits and Mr. Henico Schalekamp for the audit of the consolidated financials;
- Approved the audit fees and engagement terms of the external auditors;
- Oversee and reviewed the quality of the effectiveness of the external audit;
- Determined the nature and extent of allowable non-audit services and preapproved the contract terms for the provision of non-audit services by the external auditors, where applicable;
- Reviewed the effectiveness of the financial director and finance function;
- Reviewed financial results and made recommendations to the Board;
- Reviewed financial statements and reports from the external auditors and made recommendations to the Board;
- Took appropriate steps to ensure that the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa
- Reviewed the external audit reports on the annual financial statements;
- Reviewed significant financial reporting issues and assessed the appropriateness of accounting policies;
- Evaluated the effectiveness of the risk management framework, controls and governance processes;
- Reviewed material risk exposures;
- Monitored the existence, nature, extent, implementation and effectiveness of the internal control processes and, when appropriate, makes recommendations on internal financial controls.

MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

The audit and risk committee consists of the non-executive directors listed hereunder and meets at least twice per annum in accordance with the audit and risk committee terms of reference. All members act independently as described in section 269A of the Companies Act. During the year one meeting was held.

- B Seeff (Chairman)
- J Scher
- A Utterson

INTERNAL AUDIT

The audit committee has oversight of the Heartwood Properties and its subsidiaries ("the **Group**") financial statements and reporting process, including the system of internal financial control.

Based on the review of the Heartwood Group's system of internal controls and risk management, and considering the information and explanations given by management and discussions with the external auditor on the results of the audit, nothing has come to the attention of the committee that caused it to believe that the Heartwood Group's system of internal controls and risk management were not effective, and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Audit Committee Report

ATTENDANCE

The external auditors have not attended the meeting of the audit and risk committee. Executive directors attended meetings by invitation.

CONFIDENTIAL MEETINGS

Audit and risk committee agendas provide for confidential meetings between the committee members and the external auditors.

EXTERNAL AUDITORS

In determining the independence of the external auditors, the committee considered the level and types of non-audit services provided as well as other enquiries and representations. The committee is satisfied that the auditors do not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from Heartwood. In addition the committee has satisfied itself that the auditors' independence was not prejudiced by any consultancy, advisory or other work undertaken or as a result of any previous appointment as auditor.
The prospect of mandatory audit firm rotation was not considered by the committee during the current financial year. As required by the Companies Act, the committee has satisfied itself that the Company's external auditor, was independent of the company, as set out in sections 90(2)(c) and 94(8) of the Companies Act and is thereby able to conduct its audit functions without any undue influence from the company.

SIGNIFICANT AREAS OF JUDGEMENT

Many areas within the financial statements that requires judgement forms an integral part of the financial statements. The committee has assessed the significance of the assets and liabilities on the statements of financial position and relating items that require significant judgement and the following key matters are highlighted:

Valuation of investment property
The major risk relating to investment property is the valuation of the investment property. Valuation of investment property has been highlighted as an area of critical judgements and estimates in note 1.3 of the annual financial statements. Each property is externally valued once every year by a registered independent valuer.

EXPERTISE AND EXPERIENCE OF CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

The audit and risk committee performs an annual evaluation of the financial reporting function in the Company. The committee was satisfied that the financial reporting function had appropriate resources, skills, expertise and experience. The committee also confirmed that it is and was satisfied that Ms Koba Dumas, the Company chief financial officer, possesses the appropriate skills, expertise and experience to meet the responsibilities required for that position during her service as such.

DISCHARGE OF RESPONSIBILITIES

The audit and risk committee determined that during the financial year under review it had discharged its legal and other responsibilities as governed in the board approved terms of reference.

Audit Committee Report

ANNUAL REPORT

• Annual report and financial statements

After review of the consolidated and separate financial statements for the year ended 28 February 2019, the committee is of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and IFRS as issued by the IASB, and fairly present the results of operations, cash flow and the financial position. On this basis, the committee recommended that the Board approve the annual financial statements for the year ended 28 February 2019.

Bernard Seeff
Chair: Audit and Risk Committee

30 May 2019

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the group at the reporting date and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements .

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors ("the **Board**") sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements . However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group’s cash flow forecast for the year to 29 February 2020 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate financial statements . The consolidated and separate financial statements have been examined by the group's external auditors and their report is presented on pages 11 to 12.

The consolidated and separate financial statements set out on pages 13 to 58, which have been prepared on the going concern basis, were approved by the Board and signed on their behalf by:

Approval of financial statements

LJ Whall	**JH Scher**

30 May 2019

Group Secretary's Certification

Declaration by the Group secretary in respect of Section 88(2)(e) of the Companies Act 71 of 2008

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the group has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

In my opinion as Company Secretary, I hereby confirm, in terms of the Companies Act 71 of 2008, for the year ended 28 February 2019, that the group has lodged with the Commissioner of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

I certify, in accordance with section 88(2)(e) of the Companies Act 71 of 2008, that for the year ended 28 February 2019, the group has lodged with the Commissioner of Companies all such returns as are required by a public company in terms of the Act and that all such returns are true, correct and up to date.

I declare that, to the best of my knowledge, the group has lodged with the Commissioner of Companies all such returns as are required of a public company in terms of the Companies Act 71 of 2008, and that all such returns are true, correct and up to date.

Company Secretary
30 May 2019

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate financial statements of Heartwood Properties Limited and its subsidiaries ("the **Group**") and the Company for the year ended 28 February 2019.

1. Nature of business

Heartwood Properties Limited is an investment entity incorporated in South Africa with interests in the property holding industry. The Company does not trade, and all of its activities are undertaken through its principal subsidiaries. The Group operates in South Africa.

There have been no material changes to the nature of the Group's business from the prior year.

2. Review of financial results and activities

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 1.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated and separate financial statements .

3. Share capital

	2019	2018
Authorised	Number of shares	
400,000,000 Ordinary no par value shares	400,000,000	400,000,000

	2019	2018	2019	2018
Issued	R	R	Number of shares	
116,843,207 (2018: 100,000,005) Ordinary no par value shares	69,937,185	59,000,003	116,843,207	100,000,005

Refer to note 14 of the consolidated and separate financial statements for detail of the movement in authorised and issued share capital.

4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act 71 of 2008. As this general authority remains valid only until the next Annual General Meeting ("**AGM**"), the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares under the control of the directors until the next AGM.

5. Dividends

The Company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors ("the **Board**") may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the Board may pass on the payment of dividends.

The Board decided to retain any available reserves and surplus funds for future developments and investment opportunities. The Board has therefore resolved not to declare a dividend for the financial year ended 28 February 2019.

Directors' Report

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation	
LJ Whall	Chief Executive Officer	Executive	
J Dumas	Financial Director	Executive	
JH Scher	Chairperson	Non-executive	
MR Evans	Director	Non-executive	
AG Utterson	Director	Non-executive	
B Seeff	Director	Non-executive	Appointed 28 August 2018

7. Directors' interests in securities of the Company

At the reporting date, the directors of the Company held direct and indirect beneficial interests in 80.70% (2018: 71.87%) of its issued ordinary shares, as set out below.

Interests in shares

Directors	2019 Indirect %	2018 Indirect %	2019 Indirect	2018 Indirect
LJ Whall	34.43	40.23	40,230,329	40,230,329
MR Evans	8.38	5.99	9,786,387	5,987,015
AG Utterson	21.95	25.65	25,649,769	25,649,769
B Seeff	15.94	-	18,624,669	-
	80.70	**71.87**	**94,291,154**	**71,867,113**

The register of interests of directors and others in shares of the Company is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

8. Directors' interests in contracts

The head office of the Company is being leased from the Whall Property Group Proprietary Limited, of which LJ Whall is a shareholder and director.

No other contracts were entered into which directors or officers of the Group had an interest and which significantly affected the business of the Group.

9. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Group or in the policy regarding their use.

10. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Directors' Report

11. Going concern

The Board believes that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate financial statements have been prepared on a going concern basis. The Board has satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Board is not aware of any new material changes that may adversely impact the Group. The Board is also not aware of any non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

12. Auditors

PKF Octagon Inc. continued in office as auditors for the Group for 2019.

13. Secretary

The company secretary is Kilgetty Statutory Services Proprietary Limited.

14. Date of authorisation for issue of financial statements

The consolidated and separate financial statements have been authorised for issue by the Board on 30 May 2019. No authority was given to anyone to amend the consolidated and separate financial statements after the date of issue.

To the shareholders of Heartwood Properties Limited and its Subsidiaries

Report on the Audit of the Consolidated and Separate Financial Statement

Opinion

We have audited the consolidated and separate financial statements of Heartwood Properties Limited and its Subsidiaries (the Group) set out on pages 13 to 58, which comprise the statement of financial position as at 28 February 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and seperate financial position of the groupas at 28 February 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have
obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

At 28 February 2019 investment properties represent 91% (2018: 90%) of the group's total assets. The investment property increased from R121 million to R157 million. This increase is attributable to the investment property revaluation to fair value and capital expenditure incurred.

The revaluation of these properties to fair market value is considered to be a key audit matter due to the large degree of subjectivity and judgement included in the determination of these valuations and the significant impact that this would have on the net asset value of the group, a key indicator to the shareholders. The group uses an independent valuer to determine the fair values for the properties annually.

The valuation as disclosed in Note 5 with the most significant impact include the net revenue stream, capitalisation rates, vacancy rates, maintenance costs and applicable adjustment factors.

We assessed the competence, capabilities and objectivity of the directors' independent valuer, and confirmed the qualifications of the various individuals involved. In addition, we discussed the scope of their work with management and reviewed the terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed by inspecting the valuation model that the approach the expert used is consistent with IFRS and industry norms.

We evaluated the judgements applied in determining the fair value, in particular:

- The model used by the independent valuer; and
- The significant assumptions including, net income used, capitalisation rates, maintenance costs, vacancy rates and any other adjustment factors.

We performed independent sensitivity analysis on the significant assumptions to evaluate the extent of their impact on the fair values and we assessed the appropriateness of the group's disclosures relating to these sensitivities.

Furthermore, we tested a selection of data inputs underpinning the investment property valuation including rental income, capital expenditure details, acquisition cost schedules and lease periods against appropriate supporting documentation such as signed lease agreements, to assess the accuracy, reliability and completeness thereof.

We found that the model used for the property valuations to be appropriate and the net income and capitalisation rates applied were comparable to the market-related rates. The disclosures pertaining to the investment properties were found to be appropriate and comprehensive in the consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit Committee's report as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with the relevant ethical requirements regarding idenpendence, and to communicate with them all relationship and other matters that ay be reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the directors, we determined those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and therefore key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter or should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PKF Octagon Inc has been the auditor of Heartwood Properties Limited and its Subsidiaries for 1 year.

PKF Octagon

PKF Octagon Inc
Director: Henico Schalekamp
Registered Auditor

Johannesburg
31 May 2019

Statements of Financial Position as at 28 February 2019

		Group		Company	
Figures in Rand	Notes	2019	2018 Restated *	2019	2018 Restated *
Assets					
Non-Current Assets					
Property, plant and equipment	4	2,349,557	2,635,916	-	-
Investment property	5	157,146,904	121,252,817	-	-
Goodwill	6	19,110	-	-	-
Investments in subsidiaries	7	-	-	64,000,003	59,000,003
Loans to group companies	8	-	-	46,314,834	-
Operating lease asset	9	6,424,395	4,045,311	-	-
		165,939,966	**127,934,044**	**110,314,837**	**59,000,003**
Current Assets					
Loans receivable	11	88,943	105,174	-	-
Trade and other receivables	12	1,128,151	1,139,946	-	-
Current tax receivable		35	607,715	-	-
Cash and cash equivalents	13	4,438,489	5,519,048	516,601	-
		5,655,618	**7,371,883**	**516,601**	**-**
Total Assets		**171,595,584**	**135,305,927**	**110,831,438**	**59,000,003**
Equity and Liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	14	69,937,185	59,000,003	69,937,185	59,000,003
Retained income		15,512,821	6,695,666	-	-
		85,450,006	65,695,669	69,937,185	59,000,003
Non-controlling interest	15	1,360,383	884,145	-	-
		86,810,389	**66,579,814**	**69,937,185**	**59,000,003**
Liabilities					
Non-Current Liabilities					
Interest-bearing borrowings	16	69,285,903	52,068,205	40,394,254	-
Deferred tax	10	9,958,724	9,691,583	-	-
		79,244,627	**61,759,788**	**40,394,254**	**-**
Current Liabilities					
Trade and other payables	17	3,350,151	1,459,979	499,999	-
Interest-bearing borrowings	16	2,182,812	5,506,346	-	-
Bank overdraft	13	7,605	-	-	-
		5,540,568	**6,966,325**	**499,999**	**-**
Total Liabilities		**84,785,195**	**68,726,113**	**40,894,253**	**-**
Total Equity and Liabilities		**171,595,584**	**135,305,927**	**110,831,438**	**59,000,003**

* See Note 2

Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand	Notes	2019	2018 Restated *	2019	2018 Restated *
Revenue	18	14,108,775	3,578,814	-	-
Other operating income	19	2,694,964	2,662,290	-	-
Fair value gains		7,049,747	2,526,991	-	-
Other operating expenses		(9,269,946)	(726,599)	(16,176)	-
Operating profit (loss)	20	**14,583,540**	**8,041,496**	**(16,176)**	**-**
Finance income	21	266,713	37,417	1,650,681	-
Finance costs	22	(5,289,717)	(343,460)	(1,634,505)	-
Profit before tax		**9,560,536**	**7,735,453**	**-**	**-**
Income tax expense	23	(267,143)	(783,585)	-	-
Profit and total comprehensive income for the year		**9,293,393**	**6,951,868**	**-**	**-**
Profit and total comprehensive income attributable to:					
Owners of the parent		8,817,155	6,695,666	-	-
Non-controlling interest		476,238	256,202	-	-
		9,293,393	**6,951,868**	**-**	**-**

* See Note 2

Statements of Changes in Equity

Figures in Rand	Share capital	Retained income	Total attributable to equity holders of the parent	Non-controlling interest	Total equity
Group					
Profit for the year	-	6,695,666	6,695,666	256,202	6,951,868
Total comprehensive income for the year	**-**	**6,695,666**	**6,695,666**	**256,202**	**6,951,868**
Issue of shares	59,000,003	-	59,000,003	627,943	59,627,946
Total contributions by and distributions to owners of company recognised directly in equity	**59,000,003**	**-**	**59,000,003**	**627,943**	**59,627,946**
Balance at 01 March 2018	**59,000,003**	**6,695,666**	**65,695,669**	**884,145**	**66,579,814**
Profit for the year	-	8,817,155	8,817,155	476,238	9,293,393
Total comprehensive income for the year	**-**	**8,817,155**	**8,817,155**	**476,238**	**9,293,393**
Issue of shares	10,937,182	-	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**10,937,182**	**-**	**10,937,182**	**-**	**10,937,182**
Balance at 28 February 2019	**69,937,185**	**15,512,821**	**85,450,006**	**1,360,383**	**86,810,389**
Note	14				
Company					
Issue of shares	59,000,003	-	59,000,003	-	59,000,003
Total contributions by and distributions to owners of company recognised directly in equity	**59,000,003**	**-**	**59,000,003**	**-**	**59,000,003**
Balance at 01 March 2018	**59,000,003**	**-**	**59,000,003**	**-**	**59,000,003**
Issue of shares	10,937,182	-	10,937,182	-	10,937,182
Total contributions by and distributions to owners of company recognised directly in equity	**10,937,182**	**-**	**10,937,182**	**-**	**10,937,182**
Balance at 28 February 2019	**69,937,185**	**-**	**69,937,185**	**-**	**69,937,185**
Note	14			15	

* See Note 2

Statements of Cash Flows

		Group		Company	
Figures in Rand	Notes	2019	2018 Restated *	2019	2018 Restated *
Cash flows from operating activities					
Cash generated from operations	25	7,597,783	740,306	473,313	-
Finance income		266,713	37,417	1,650,681	-
Finance costs		(4,826,717)	(333,403)	(1,623,994)	-
Tax received (paid)	24	607,680	(128,981)	-	-
Net cash from operating activities		**3,645,459**	**315,339**	**500,000**	**-**
Cash flows from investing activities					
Acquisition of property, plant and equipment	4	(489,519)	-	-	-
Additions to investment property	5	(22,530,080)	-	-	-
Movement in investments in subsidiaries	26	1,047	-	-	-
Loans advanced to group companies		(1,562,648)	-	(46,314,835)	-
Advances of loans receivable		-	(105,174)	-	-
Receipts from loans receivable		16,231	-	-	-
Net cash used in investing activities		**(24,564,969)**	**(105,174)**	**(46,314,835)**	**-**
Cash flows from financing activities					
Proceeds on share issue	14	5,937,182	-	5,937,182	-
Proceeds from borrowings		24,588,155	1,177,634	40,394,254	-
Repayment of borrowings		(10,693,991)	-	-	-
Net cash from financing activities		**19,831,346**	**1,177,634**	**46,331,436**	**-**
Total cash movement for the year		**(1,088,164)**	**1,387,799**	**516,601**	**-**
Cash at the beginning of the year		5,519,048	4,131,249	-	-
Total cash at end of the year	13	**4,430,884**	**5,519,048**	**516,601**	**-**

* See Note 2

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("**IFRS**") and International Financial Reporting Interpretations Committee ("**IFRIC**") interpretations issued and effective at the time of preparing these consolidated and separate financial statements , the Companies Act 71 of 2008 of South Africa, as amended, the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the listing requirements of 4 Africa Exchange Proprietary Limited ("**4AX listing Requirements**").

The consolidated and separate financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the Group and Company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities which are controlled by the Group. The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are recognised within equity.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in subsidiaries in the separate financial statements

In the Company's separate financial statements, investments in subsidiaries are measured at cost less any accumulated impairment losses.

Accounting Policies

1.2 Consolidation (continued)

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

Several assets and liabilities of the Group are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on Group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Expected manner of realisation for deferred tax

Management have reviewed the investment property portfolio of the Group in order to determine the appropriate rate at which to measure deferred tax. Investment property is measured at fair value. The manner of recovery of the carrying amount, i.e. through use or sale, affects the determination of the deferred tax assets or liabilities. IFRS assumes that the carrying amount of investment property is recovered through sale rather than through continued use. Management considered the business model of the portfolio and concluded that the assumption is not rebutted and that the deferred taxation should be measured on the sale basis.

1.4 Investment property

Investment property is initially recognised at cost and subsequently measured at fair value.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.

A gain or loss arising from a change in fair value is included in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

1.5 Property, plant and equipment

Items of property, plant and equipment is measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Expenditure incurred subsequently is capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss.

Accounting Policies

1.5 Property, plant and equipment (continued)

Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Furniture and fixtures	6 years
Office equipment	5 years
Computer equipment	3 years
Tenant installations	Lease term

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets – *Policy applicable from 1 March 2018*
On initial recognition, a financial asset is classified as measured at:
- amortised cost;
- fair value through other comprehensive income – debt investment;
- fair value through other comprehensive income – equity investment;
- fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Accounting Policies

1.6 Financial instruments (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment*: Policy applicable from 1 March 2018*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

There are no financial assets held for trading by the Group.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: *Policy applicable from 1 March 2018*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:
- the terms of external debt and contractual terms that could change the timing or amount such as:
    - a variation in interest rates (the facility is linked to prime);
    - renegotiations of existing facilities.

Financial assets – Subsequent measurement and gains and losses: *Policy applicable from 1 March 2018*

Financial assets at fair value through profit or loss
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Accounting Policies

1.6 Financial instruments (continued)

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets – Policy applicable before 1 March 2018
Prior to the implementation and adoption of IFRS 9 in the current year the Group accounted and classified financial assets and liabilities in accordance with IAS 39 as described below. The comparative numbers have been accounted for using the below policies and have not been restated retrospectively.

The Group classified its financial assets into one of the following categories:
- loans and receivables;

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 March 2018.

Loans and receivables
Measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Accounting Policies

1.7 Income tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Accounting Policies

1.8 Leases (continued)

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.9 Impairment of assets

Non-derivative financial assets: *Policy applicable from 1 March 2018*

Financial instruments

The Group recognises loss allowances for estimate credit losses (ECLs) on financial assets measured at amortised cost

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- debt instruments that are determined to have low credit risk at the reporting date; and
- trade receivables and loan receivables for which credit risk (i.e. the risk of default) has not increased or changed significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if payment terms are exceeded (trade receivables) or if contractual payments are not honoured (loan receivables).

The Group considers a financial asset to be in default when:
- the tenant/borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Group considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard and Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Accounting Policies

1.9 Impairment of assets (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower/tenant;
- a breach of contract such as a default or exceeding payment terms as agreed/stated per contract;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower/tenant will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Policy applicable before 1 March 2018
Prior to the implementation and adoption of IFRS 9 in the current year, the Group accounted for impairment losses in accordance with the provisions as prescribed by IAS 39. The comparative numbers have been accounted for using the below policies and have not been restated retrospectively.

Financial assets not classified as at fair value through profit or loss were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- significant financial difficulty of the borrower/tenant;
- a breach of contract such as a default or exceeding payment terms as agreed/stated per contract;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower/tenant will enter bankruptcy or other financial reorganisation.

Accounting Policies

1.9 Impairment of assets (continued)

Financial assets measured at amortised cost
The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Share capital and equity

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the Group in which they are declared.

1.11 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Accounting Policies

1.11 Employee benefits (continued)

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.12 Revenue

Revenue from the letting of investment property comprises gross rental income, net of value added tax. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

1.13 Finance income and finance costs

The Group's finance income and finance costs include:
- interest income;
- interest expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

2. First-time adoption of International Financial Reporting Standards

The Group has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. On principle these standards have been applied retrospectively and the comparatives contained in these consolidated and separate financial statements differ from those published for the period ended 28 February 2018.

The date of transition was 1 March 2017 and the effect of the transition was as follows.

Group

Reconciliation of equity at 28 February 2018

	Note	**As reported under IFRS for SME**	**Effects of transition to IFRS**	**IFRS**
Operating lease asset		-	4,045,311	4,045,311
Total assets less total liabilities		**-**	**4,045,311**	**4,045,311**
Retained earnings		3,042,564	3,653,102	6,695,666
Non-controlling interest		(491,937)	(392,208)	(884,145)
Total equity		**2,550,627**	**3,260,894**	**5,811,521**

Notes

In terms of International Reporting and Accounting Standards (IFRS) income received from operating lease agreements are recognised on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

International Reporting and Accounting Standards for Small and Medium-sized Entities (IFRS for SME's) allows exemption of the straight-lining principle if annual escalations are reflective of expected general inflation.

Accounting Policies

2. First-time adoption of International Financial Reporting Standards (continued)

Reconciliation of profit (loss) for 2018

	Note	As reported under IFRS for SME	Effects of transition to IFRS	IFRS
Revenue		914,449	2,664,365	3,578,814
Gross profit		914,449	2,664,365	3,578,814
Bargain purchase gain on acquisition of subsidiaries		1,352,900	1,134,990	2,487,890
Net profit		**2,267,349**	**3,799,355**	**6,066,704**

Notes

Due to the first time adoption of International Reporting and Accounting Standards operating lease assets were recognised in the businesses acquired and accordingly increased the asset value, resulting in an increased gain on bargain purchase on acquisition of the subsidiaries.

Explanation of material adjustments to the statement of cash flows for Company - 2019

The movement in the Operating lease receivable balance as disclosed above has been included under note 25. No other adjustments were made to the statement of cash flows.

Other Standards adopted and implemented in the current year due to first time adoption of IFRS

The Group has applied IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI). Previously, the Group's approach was to include the impairment of trade receivables in other expenses. Impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations. No restatement or reclassification has been made as there were no impairment losses in the previous reporting period.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Classification and measurement of financial assets and financial liabilities

2. First-time adoption of International Financial Reporting Standards (continued)

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group’s accounting policies related to financial liabilities. For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see note 31.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group’s financial assets and financial liabilities as at 1 January 2018.

	Note	Original classification under IAS39	Original classification under IFRS 9	Original carrying amount under IAS39	New carrying amount under IFRS 9
Loans receivable		Loans and receivables	Amortised cost	105,174	105,174
Trade and other receivables		Loans and receivables	Amortised cost	1,139,946	1,139,946
Cash and cash equivalents		Loans and receivables	Amortised cost	5,519,048	5,519,048
Total financial assets				**6,764,168**	**6,764,168**
Borrowings (loans from financial institutions)		Other financial liabilities/amortised cost	Other financial liabilities/amortised cost	57,574,551	57,574,551
Trade and other payables		Other financial liabilities/amortised cost	Other financial liabilities/amortised cost	1,459,979	1,459,979
Total financial liabilities				**59,034,530**	**59,034,530**

Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Accounting Policies

2. First-time adoption of International Financial Reporting Standards (continued)

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 is immaterial and therefore no credit losses has been recognised.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied effective 1 January 2018.

3. New Standards and Interpretations

3.1 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 March 2019 or later periods:

IFRS 16 Leases

The Group is required to adopt IFRS 16 Leases from 1 March 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Group as lessee:
Per IFRS 16 the Group will recognise new assets and liabilities for its long term operating leases. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Group does not have any long term operating leases, therefore no adjustments are expected on implementation of this standard.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Group as lessor:
The Group will reassess the classification of leases in which the group is a lessor. Based on the information currently available, the Group does not expect there to be any adjustments due to the implementation of the standard.

Transition
The Group plans to apply IFRS 16 initially on 1 March 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 March 2019, with no restatement of comparative information.

Notes to the Consolidated And Separate Financial Statements

3. New Standards and Interpretations (continued)

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 March 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

Notes to the Consolidated And Separate Financial Statements

4. Property, plant and equipment

Group	2019			2018		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	58,042	(7,741)	50,301	-	-	-
Office equipment	38,599	(6,076)	32,523	-	-	-
Computer equipment	38,699	(12,255)	26,444	-	-	-
Tenant installations	6,342,597	(4,102,308)	2,240,289	5,988,418	(3,352,502)	2,635,916
Total	**6,477,937**	**(4,128,380)**	**2,349,557**	**5,988,418**	**(3,352,502)**	**2,635,916**

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	58,042	(7,741)	50,301
Office equipment	-	38,599	(6,076)	32,523
Computer equipment	-	38,699	(12,255)	26,444
Tenant installations	2,635,916	354,179	(749,806)	2,240,289
	2,635,916	**489,519**	**(775,878)**	**2,349,557**

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Depreciation	Total
Tenant installations	2,703,995	(68,079)	2,635,916

5. Investment property

Reconciliation of investment property - Group - 2019

	Opening balance	Additions	Additions through business combinations	Fair value adjustments	Total
Investment property	121,252,817	22,530,080	6,314,260	7,049,747	157,146,904

Reconciliation of investment property - Group - 2018

	Opening balance	Fair value adjustments	Total
Investment property	118,725,826	2,526,991	121,252,817

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

5. Investment property (continued)

Pledged as security

Carrying value of assets pledged as security:

Unit 1 & 2 - Block A, Willow Wood	59,900,000	58,300,000	-	-
Block B, Willow Wood	22,300,000	18,600,000	-	-
Block C, Willow Wood	19,400,000	18,600,000	-	-
Block D, Willow Wood	17,032,644	4,231,968	-	-
Erf 643, Lanseria Ext 46, Johannesburg, Gauteng	15,000,000	3,620,849	-	-
Erf 661, Lanseria Ext 46, Johannesburg, Gauteng	17,200,000	17,900,000	-	-

Details of property

Unit 1 & 2, also known as Block A, in the sectional title scheme known as Willow Wood, situated at Erf 84, Chartwell, Extension 10, Registration Division J.Q., Gauteng

- Purchase price: February 2014	36,176,022	36,176,022	-	-
- Fair value adjustment - Feb 2017	20,723,978	20,723,978	-	-
- Fair value adjustment - Feb 2018	1,400,000	1,400,000	-	-
- Fair value adjustment - Feb 2019	1,600,000	-	-	-
	59,900,000	**58,300,000**	**-**	**-**

Block B in the development known as Willow Wood Office Park, situated at Erf 84, Chartwell, Extension 10, Registration Division J.Q., Gauteng

- Purchase price: February 2014	2,464,145	2,464,145	-	-
- Additions - 2016	10,531	10,531	-	-
- Additions - 2017	251,295	251,295	-	-
- Additions - 2018	12,873,728	12,933,728	-	-
- Fair value adjustment - Feb 2018	2,940,301	2,940,301	-	-
- Fair value adjustment - Feb 2019	3,760,000	-	-	-
	22,300,000	**18,600,000**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018
5. Investment property (continued)				
Units 1,2,3 and 4 in Block C, in the sectional title scheme known as Willow Wood, situated at Erf 84, Chartwell, Extension 10, Registration Division J.Q., Gauteng				
- Purchase price: February 2014	10,537,278	10,537,278	-	-
- Fair value adjustment - Feb 2017	7,762,722	7,762,722	-	-
- Fair value adjustment - Feb 2018	300,000	300,000	-	-
- Fair value adjustment - Feb 2019	800,000	-	-	-
	19,400,000	**18,600,000**	**-**	**-**
Property under development - Block D in the development known as Willow Wood Office Park, situated at Erf 84, Chartwell, Extension 10, Registration Division J.Q., Gauteng.				
- Purchase price: February 2014	3,473,310	3,473,310	-	-
- Additions - 2016	6,480	6,480	-	-
- Additions - 2018	265,488	265,488	-	-
- Additions - 2019	13,287,366	-	-	-
- Fair value adjustment - Feb 2018	486,690	486,690	-	-
- Fair value adjustment - Feb 2019	(486,690)	-	-	-
	17,032,644	**4,231,968**	**-**	**-**
Erf 643, Lanseria Ext 46, Johannesburg, Gauteng				
- Purchase price: February 2014	3,201,160	3,201,160	-	-
- Additions - 2018	419,689	419,689	-	-
- Additions - 2019	9,302,714	-	-	-
- Fair value adjustment - Feb 2019	2,076,437	-	-	-
	15,000,000	**3,620,849**	**-**	**-**
Erf 661, Lanseria Ext 46, Johannesburg, Gauteng				
- Purchase price: 1 December 2005	3,036,000	3,036,000	-	-
- Additions - 2016	11,647,001	11,647,001	-	-
- Fair value adjustment - Feb 2017	2,016,999	2,016,999	-	-
- Fair value adjustment - Feb 2018	1,200,000	1,200,000	-	-
- Fair value adjustment - Feb 2019	(700,000)	-	-	-
	17,200,000	**17,900,000**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

5. Investment property (continued)

Erf 20, Lyme Park Township

- Purchase price: 1 December 2018	5,000,000	-	-	-
- Additions - 2019	1,314,260	-	-	-
	6,314,260	**-**	**-**	**-**

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

Details of valuation

The effective date of the revaluations was 28 February 2019. Revaluations were performed by an independent valuer, of Mills Fitchet Valuations Proprietary Limited, Mr P Niesing, who is registered with the South African Institute of Valuers. The valuers are not connected to the Group and have recent experience in location and category of the investment property being valued.

The valuation process makes use of the Discounted Cash Flow (DCF) method. Properties are valued by discounting the expected future net income for a specific period at an appropriate discount rate (or total rate of return) to give the present value of the expected net income cash flow. To this figure, an applicable final discounted residual or reversionary value is added. The net income is determined by taking into account the gross income, vacancies and lease obligations from which all normalised operating expenses are deducted.

The fair value of Block D, Willow Wood and Erf 20, Lyme Park Township could not be determined reliably because at the end of the reporting period the property was under construction. The property is therefore carried at cost in the current year as management consider it to approximate the fair value.

Amounts recognised in profit or loss for the year

Rental income from investment property (Revenue)	6,749,008	3,696,630	-	-

6. Goodwill

Group	2019			2018		
	Cost	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill	19,110	-	19,110	-	-	-

	Group		Company	
Figures in Rand	2019	2018	2019	2018

6. Goodwill (continued)

Reconciliation of goodwill - Group - 2019

	Opening balance	Additions through acquisition of subsidiary	Total
Goodwill	-	19,110	19,110

Goodwill originated on acquisition of subsidiary Utter Velvet Proprietary Limited, refer to note 26.

7. Investments in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly.

Company

Name of company	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Fargofor Proprietary Limited	100.00 %	100.00 %	29,237,173	29,237,173
Velvet Moon Properties 93 Proprietary Limited	100.00 %	100.00 %	29,762,830	29,762,830
Utter Velvet Proprietary Limited	100.00 %	- %	5,000,000	-
K2018641226 (South Africa) Proprietary Limited	100.00 %	- %	-	-
K2018642428 (South Africa) Proprietary Limited	100.00 %	- %	-	-
			64,000,003	59,000,003

Reporting period

All subsidiaries are incorporated in South Africa and have the same reporting date as the Company.

The shareholding in K2018641226 (South Africa) Proprietary Limited and K2018642428 (South Africa) Proprietary Limited were acquired at no cost. Refer note 26 for the detail on acquisition of the shareholding in Utter Velvet Proprietary Limited..

8. Loans to Group companies

Subsidiaries

	Group 2019	Group 2018	Company 2019	Company 2018
Velvet Moon Properties 93 Proprietary Limited The loan is unsecured interest-free and has no fixed terms of repayment.	-	-	5,920,580	-

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018
8. Loans to Group companies (continued)				
Fargofor Proprietary Limited The loan bears interest at prime overdraft rate less 0.75% per annum. Interest payments are due monthly with the capital being repayable in one bullet payment after five years.	-	-	23,025,299	-
The property, Block A Willow Wood, referred to in note 5 has been pledged as security.				
Velvet Moon Properties 93 Proprietary Limited The loan bears interest at prime overdraft rate less 0.75% per annum. Interest payments are due monthly with the capital being repayable in one bullet payment after five years.	-	-	17,368,955	-
Block B and C of Willow Wood Office Park referred to in note 5 have been pledged as security.				
	-	**-**	**46,314,834**	**-**

9. Operating lease asset

Non-current assets	6,424,395	4,045,311	-	-

The operating lease contracts for the Group's investment properties, as described in note 5, vary from a 3 year period up to 10 years. The operating lease escalation rates are between 7.5% to 8.5% per annum.

10. Deferred tax

Deferred tax (liability)/asset

Temporary difference: Income received in advance	67,937	-	-	-
Temporary difference: Operating lease asset	1,798,832	-	-	-
Deferred tax balance from temporary differences other than unused tax losses	1,866,769	-	-	-
Tax losses available for set off against future taxable income	2,233,094	1,897,321	-	-
	4,099,863	1,897,321	-	-
Temporary difference - Accrual for rates and taxes	(81,722)	-	-	-
Deferred tax balance from temporary differences - Investment property held at fair value	(13,976,865)	(11,588,904)	-	-
Total deferred tax liability, net of valuation allowance recognised	**(9,958,724)**	**(9,691,583)**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

10. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(9,691,583)	(8,907,998)	-	-
Increases/(decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	335,352	(147,105)	-	-
Taxable / (deductible) temporary difference movement income received in advance	67,937	-	-	-
Taxable / (deductible) temporary difference movement operating lease asset	1,798,832	-	-	-
Taxable / (deductible) temporary difference on accrual for rates and taxes	(81,722)	-	-	-
Deductible temporary difference investment property	(2,387,540)	(636,480)	-	-
	(9,958,724)	**(9,691,583)**	**-**	**-**

Use and sales rate

The deferred tax rate applied to the fair value adjustments of investment properties/ financial assets is determined by the expected manner of recovery. Where the expected recovery of the investment property/financial assets is through sale the capital gains tax rate of 22% (2018: 22%) is used (Investment property). If the expected manner of recovery is through indefinite use (Property, plant and equipment) the normal tax rate of 28% (2018: 28%) is applied.

11. Loans receivable

Loans receivable are presented at amortised cost as follows:

Utter Velvet Proprietary Limited The loan is unsecured, interest free and is repayable on demand. In the current year Heartwood Properties acquired 100% of the shareholding in Utter Velvet Proprietary Limited. The loan is disclosed in note 8 in the current year.	-	16,231	-	-
Skyscraper Property Investments Proprietary Limited (formerly known as Champagne One Holdings Proprietary Limited) The loan is unsecured, interest free and is repayable on demand.	88,943	88,943	-	-
	88,943	**105,174**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

11. Loans receivable (continued)

Split between non-current and current portions

Current assets	88,943	105,174	-	-

12. Trade and other receivables

Trade receivables	268,233	380,121	-	-
Deposits	145,200	72,600	-	-
Other receivables	99,500	30,000	-	-
VAT	464,346	488,700	-	-
Prepayments	150,872	168,525	-	-
Total trade and other receivables	**1,128,151**	**1,139,946**	**-**	**-**

Fair value of trade and other receivables

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

30 days past due			16,538	88,402
60 days past due			34,742	-
90 days past due			14,920	47,269
More than 90 days past due			40,290	20,932
			106,490	**156,603**

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4,438,489	5,519,048	516,601	-
Bank overdraft	(7,605)	-	-	-
	4,430,884	**5,519,048**	**516,601**	**-**
Current assets	4,438,489	5,519,048	516,601	-
Current liabilities	(7,605)	-	-	-
	4,430,884	**5,519,048**	**516,601**	**-**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

13. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating (as per Standard & Poor's)				
Standard Bank of South Africa Limited (BB)	4,430,884	5,519,048	516,601	-

14. Share capital

Authorised				
400 000 000 Ordinary no par value shares	400,000,000	400,000,000	400,000,000	400,000,000

In the current year the Company issued 16 843 202 ordinary no par value shares to the value of R10 937 182.

Shares to the value of R5 000 000 (7 598 744 shares at 66 cents each) were issued to the previous owners of Utter Velvet Proprietary Limited as part of an asset-for-share transaction referred to in terms of Section 42 of the Income Tax Act of 1962, as described in note 26.

Reconciliation of number of shares issued:				
Opening balance	100,000,005	100,000,005	100,000,005	100,000,005
Issue of shares	16,843,202	-	16,843,202	-
	116,843,207	**100,000,005**	**116,843,207**	**100,000,005**

Issued				
116 843 207 Ordinary no par value shares	69,937,185	59,000,003	69,937,185	59,000,003

15. Non-controlling interest

Non-controlling interest consist of profit or loss and reserves attributable to non-controlling shareholders of Erf 733 Woodmead Ext 14 Proprietary Limited and Nictokaybee Investments Proprietary Limited.

Velvet Moon Properties Proprietary Limited holds the shareholding of the abovementioned companies as per below:

Erf 733 Woodmead Ext 14 Proprietary Limited	80%
Nictokaybee Investments Proprietary Limited	70%

Reconciliation of movement in Non-controlling interest:

Opening balance	884,145	-	-	-
Non-controlling interest recognised on acquisition of subsidiary	-	627,943	-	-
Profit for the year	476,238	256,202	-	-
	1,360,383	**884,145**	**-**	**-**

	Group		Company	
Figures in Rand	2019	2018	2019	2018

16. Interest-bearing borrowings

Held at amortised cost				
Secured				
Standard Bank Limited - VAT Facility The facility consists of the VAT portion of capital drawdowns submitted for the development of the property described as Block D Willow Wood (refer note 5), which has also been provided as security for the loan. The facility bears interest at prime overdraft rate, is repayable on a 3 month-rolling period and is limited to R2 100 000.	789,837	-	-	-
Standard Bank Limited The loan bears interest at prime overdraft rate less 0.75% and is secured over the property described as Block B, Willow Wood in note 5. The loan is repayable in monthly instalments of R31 322 and expires July 2023. In the current year the loan was consolidated to the facility held by Heartwood Properties Limited.	-	9,625,314	-	-
BG McLintock The loan was unsecured, interest free and on 23 July 2018 Heartwood Properties Limited issued 2 310 782 ordinary shares at 63 cents each for the full settlement of the loan.	-	1,445,163	-	-
GM Baker The loan was unsecured, interest free and on 23 July 2018 Heartwood Properties Limited issued 2 433 673 ordinary shares at 63 cents each for the full settlement of the loan.	-	1,522,019	-	-
Standard Bank Limited - Block A Willow Wood The loan bears interest at prime overdraft rate less 0.75% and was repayable in monthly capital instalments of R108 407. In the current year the loan was consolidated into a facility held by Heartwood Properties Limited. The property referred to in note 5 was pledged as security.	-	24,881,825	-	-

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018
16. Interest-bearing borrowings (continued)				
Standard Bank Limited - Development facility The loan bears interest at prime overdraft rate less 0.25% and is secured over the property described as Block D, Willow Wood (refer note 5). Upon completion of the development the interest rate will reduce to prime overdraft rate less 0.75% per annum. No capital payments are required during the first 12 months after which the loan will be consolidated to the facility held by Heartwood Properties Limited.	13,079,759	-	-	-
Standard Bank Limited The loan bears interest at prime overdraft rate less 0.75% and is repayable in one final instalment after 5 years. Block A, B and C of Willow Wood Office Park referred to in note 5 have been pledged as security.	40,394,254	-	40,394,254	-
Standard Bank Limited The loan bears interest at prime overdraft rate less 0.75% and is secured over the property described as Block C, Willow Wood (refer note 5). The loan is repayable in monthly instalments of R15 094 (capital), and expires November 2021. In the current year the loan was consolidated to the facility held by Heartwood Properties Limited.	-	11,575,307	-	-
Nedbank Limited - VAT Facility The facility consist of the VAT portion of capital drawdowns submitted for the development of the property described as Erf 643 Lanseria in note 5, which has also been provided as security for the loan. The facility bears interest at prime overdraft rate, is repayable in full on a monthly basis and expires May 2019.	9,580	-	-	-

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018
16. Interest-bearing borrowings (continued)				
Nedbank Limited - Development loan The loan is secured over the property/development described as Erf 643, Lanseria in note 5. Limited sureties have been provided by Velvet Moon Properties 93 Proprietary Limited to the value of R5 000 000 and Chirpy Properties Proprietary Limited to the value of R1 000 000. During the development of the property the loan carried interest at prime overdraft rate, and on completion prime overdraft rate less 0.25% per annum. For the first 12 months only interest is repayable in monthly instalments, after which the loan is repayable in monthly instalments of over a 10 year period with a final residual payment of R2 600 000.	9,435,133	-	-	-
Nedbank Limited The loan bears interest at prime overdraft rate less 0.25% and is repayable in monthly instalments of R131 060. The loan terms expire in November 2025. The property Erf 661 as referred to in note 5 has been pledged as security. The loan is also secured by a cession of rental income and the lease agreement, limited surety from Abundant Media Proprietary Limited, Montagu Commercial Development Proprietary Limited, R Henderson and MR Evans.	7,760,152	8,524,923	-	-
	71,468,715	**57,574,551**	**40,394,254**	**-**

Split between non-current and current portions

Non-current liabilities	69,285,903	52,068,205	40,394,254	-
Current liabilities	2,182,812	5,506,346	-	-
	71,468,715	**57,574,551**	**40,394,254**	**-**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

17. Trade and other payables

Trade payables	600,577	270,206	-	-
Trade payables - related parties	1,000	-	-	-
Sundry payables: Capital received in advanced	499,999	64,621	499,999	-
Sundry payables: Other	1,126	-	-	-
Accrued expenses	169,394	-	-	-
Deposits received	1,379,796	785,906	-	-
Accrued expenses: Rates and taxes	230,027	-	-	-
Amounts received in advance	242,633	187,948	-	-
VAT	225,599	151,298	-	-
	3,350,151	**1,459,979**	**499,999**	**-**

18. Revenue

Revenue				
Straightlining lease adjustment	2,379,084	2,664,365	-	-
Rental income	11,729,691	914,449	-	-
	14,108,775	**3,578,814**	**-**	**-**

19. Other operating income

Recoveries: Electricity, water, refuse, rates and taxes	2,694,964	174,400	-	-
Gain on bargain purchase	-	2,487,890	-	-
	2,694,964	**2,662,290**	**-**	**-**

Recoveries from lessees are where the entity merely acts as an agent and makes payment of costs on behalf of lessees. Costs include municipal charges, electricity, water and rates and taxes.

20. Operating profit/(loss)

Operating profit/(loss) for the year is stated after recognising the following, amongst others:

Auditor's remuneration - external				
Audit fees	234,600	-	-	-

Remuneration, other than to employees				
Consulting and professional services	409,958	130,270	16,176	-
Secretarial services	105,462	14,460	-	-
	515,420	**144,730**	**16,176**	**-**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

20. Operating profit/(loss) (continued)

Employee benefit expense

Short-term employee benefits	1,999,783	-	-	-
Defined benefit plan expense	140,250	-	-	-
Total employee costs	**2,140,033**	**-**	**-**	**-**

Leases

Operating lease costs				
Premises	87,821	9,553	-	-

Depreciation				
Depreciation of property, plant and equipment	775,878	68,079	-	-

Other				
Accounting fees	212,705	-	-	-
Levies	1,351,524	98,188	-	-
Listing costs	384,240	220,530	-	-
Municipal expenses	2,965,965	170,385	-	-
Travel - Local	119,549	-	-	-

21. Finance income

Bank and other cash	263,051	37,417	16,176	-
Finance income - SARS	3,662	-	-	-
Loans to group companies	-	-	1,634,505	-
	266,713	**37,417**	**1,650,681**	**-**

22. Finance costs

Non-current borrowings	5,284,541	333,175	1,634,505	-
Trade and other payables	2,821	228	-	-
Tax authorities - SARS	2,355	10,057	-	-
	5,289,717	**343,460**	**1,634,505**	**-**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

23. Income tax expense

Major components of income tax expense

Deferred tax				
Originating and reversing temporary differences:	2,387,961	1,861,951	-	-
Fair value of investment properties				
Benefit of unrecognised tax loss	(335,771)	(1,078,366)	-	-
Deferred tax: Operating lease asset	(1,798,832)	-	-	-
Deferred tax: Amounts received in advance	(67,937)	-	-	-
Deferred tax: Accrual for rates and taxes	81,722	-	-	-
	267,143	**783,585**	**-**	**-**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00 %	28.00 %	- %	- %
Non-taxable income	(27.61)%	(99.27)%	- %	- %
Non-deductible expense	4.70 %	0.88 %	- %	- %
Tax allowances	(13.03)%	(57.03)%	- %	- %
Income received in advance	0.70 %	- %	- %	- %
Tax loss carried forward	7.24 %	127.42 %	- %	- %
	- %	**- %**	**- %**	**- %**

24. Tax refunded (paid)

Balance at beginning of the year	607,715	478,734	-	-
Balance at end of the year	(35)	(607,715)	-	-
	607,680	**(128,981)**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

25. Cash generated from operations

Profit before tax	9,560,536	7,735,453	-	-
Adjustments for:				
Depreciation	775,878	68,079	-	-
Finance income	(266,713)	(37,417)	(1,650,681)	-
Finance costs	4,826,717	333,403	1,623,994	-
Fair value gain on investment properties	(7,049,747)	(2,526,991)	-	-
Gain on bargain purchase in a business combination	-	(2,487,890)	-	-
Movements in operating lease assets	(2,379,084)	(2,664,365)	-	-
Changes in working capital:				
Trade and other receivables	286,784	(1,139,946)	-	-
Trade and other payables	1,843,412	1,459,980	500,000	-
	7,597,783	**740,306**	**473,313**	**-**

26. Acquisition of investments in subsidiaries

Fair value of assets acquired - 2018	**Velvet Moon Properties 93 (Pty) Ltd**	**Fargofor (Pty) Ltd**
Investment property	60,172,205	61,082,396
Other financial assets	13,723	88,943
Trade and other receivables	53,498	282,618
Trade and other payables	(284,818)	(175,129)
Tax receivable	478,734	-
Other financial liabilities	(31,190,460)	(25,010,070)
Cash	3,439,378	691,871
Deferred tax	(1,854,966)	(7,053,033)
Operating lease asset	819,851	561,095
Non controlling interest	(627,943)	-
	31,019,202	**30,468,691**

Consideration paid		
Equity - 100 000 005 ordinary shares in Heartwood Properties Limited at 59 cents per share	(29,762,830)	(29,237,173)
Bargain purchase gain - recognised in profit or loss	(1,256,372)	(1,231,518)
	(31,019,202)	**(30,468,691)**

The shareholding in Velvet Moon Properties 93 Proprietary Limited and Fargofor Proprietary Limited were acquired in the prior year as part of a restructuring process in the form of an asset-for-share transaction referred to in terms of Section 42 of the Income Tax Act of 1962. The effective date of the transaction was 31 January 2018.

26. Acquisition of investments in subsidiaries (continued)

Fair value of assets acquired - 2019	**Utter Velvet (Pty) Ltd**
Investment property	6,364,260
Trade receivables	282,489
Cash	1,047
Other financial liabilities	(1,562,648)
Trade and other payables	(104,258)
	4,980,890

Consideration paid	
Equity - 7 598 744 ordinary shares in Heartwood Properties Limited at 66 cents per share	(5,000,000)
Goodwill	19,110
	(4,980,890)

The shareholding in Utter Velvet Proprietary Limited was acquired in the form of an asset-for-share transaction referred to in terms of Section 42 of the Income Tax Act of 1962. The effective date of the transaction was 28 February 2019.

27. Directors' emoluments

Executive

2019

	Salary	**Medical aid**	**Pension paid or receivable**	**Total**
LJ Whall	1,220,000	61,852	140,250	1,422,102
J Dumas	635,500	-	-	635,500
	1,855,500	**61,852**	**140,250**	**2,057,602**

February 2018

	Directors' fees	**Total**
LJ Whall	170,000	170,000
J Dumas	132,375	132,375
	302,375	**302,375**

Non-executive

2019

	Directors' fees	**Total**
JH Scher	80,000	80,000
MR Evans	60,000	60,000
AG Utterson	60,000	60,000
B Seeff	30,000	30,000
	230,000	**230,000**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

28. Related parties

Relationships

Subsidiaries	Velvet Moon Properties 93 Proprietary Limited Fargofor Proprietary Limited Utter Velvet Proprietary Limited K2018641226 (South Africa) Proprietary Limited K2018642428 (South Africa) Proprietary Limited
Shareholders	Skyscraper Property Investments Proprietary Limited
Subsidiaries of Velvet Moon Properties 93 Proprietary Limited	Erf 733 Woodmead Ext. 14 Proprietary Limited Nictokaybee Investments Proprietary Limited
Companies under control of key management	Whall Property Group Proprietary Limited (LJ Whall) Scher Attorneys (JH Scher) Pencil Creek Trust (MR Evans)
Members of key management	JH Scher MR Evans AG Utterson LJ Whall J Dumas B Seeff

Related party balances

	Group 2019	Group 2018	Company 2019	Company 2018
Loan accounts - Owing (to) by related parties				
Velvet Moon Properties 93 Proprietary Limited	-	-	5,920,580	-
Velvet Moon Properties 93 Proprietary Limited	-	-	17,368,955	-
Fargofor Proprietary Limited	-	-	23,025,299	-
Skyscraper Property Investments Proprietary Limited	88,943	88,943	-	-

Related party transactions

	Group 2019	Group 2018	Company 2019	Company 2018
Interest received from related parties				
Velvet Moon Properties 93 Proprietary Limited	-	-	769,746	-
Fargofor Proprietary Limited	-	-	864,760	-
Fees paid to related parties				
Velvet Moon Properties 93 Proprietary Limited	-	-	15,601	-
Rent paid to related parties				
Whall Property Group Proprietary Limited	166,296	-	-	-
Legal fees paid to related parties				
Scher Attorneys	9,737	-	-	-
Electricity paid to related parties				
Whall Property Group Proprietary Limited	1,000	-	-	-
Levies paid to related parties				
Whall Property Group Proprietary Limited	22,078	-	-	-

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

28. Related parties (continued)

Related party transactions

In the current year Heartwood Properties Limited entered into a sale and subscription agreement in terms of which the company purchased all the ordinary shares of Utter Velvet Proprietary Limited. The shares of Utter Velvet Proprietary Limited was held by the trustees for the time being of the Pencil Creek Trust and the Alpha Trust. MR Evans is a related party of the Pencil Creek Trust.

29. Comparative figures

Certain comparative figures have been reclassified.

30. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

31. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2019

	Notes	**Amortised cost**	**Total**
Loans receivable	11	88,943	88,943
Trade and other receivables	12	512,933	512,933
Cash and cash equivalents	13	4,438,489	4,438,489
		5,040,365	**5,040,365**

Group - 2018

	Notes	**Amortised cost**	**Total**
Loans receivable	11	105,174	105,174
Trade and other receivables	12	1,139,946	1,139,946
Cash and cash equivalents	13	5,519,048	5,519,048
		6,764,168	**6,764,168**

Notes to the Consolidated And Separate Financial Statements

31. Financial instruments and risk management (continued)

Company - 2019

	Notes	Amortised cost	Total
Loans to group companies	8	46,314,834	46,314,834
Cash and cash equivalents	13	516,601	516,601
		46,831,435	**46,831,435**

Categories of financial liabilities

Group - 2019

	Notes	Amortised cost	Total
Trade and other payables	17	3,350,151	3,350,151
Borrowings	16	71,468,715	71,468,715
Bank overdraft	13	7,605	7,605
		74,826,471	**74,826,471**

Group - 2018

	Notes	Amortised cost	Total
Trade and other payables	17	1,459,979	1,459,979
Borrowings	16	57,574,551	57,574,551
		59,034,530	**59,034,530**

Notes to the Consolidated And Separate Financial Statements

31. Financial instruments and risk management (continued)

Company - 2019

	Notes	Amortised cost	Total
Trade and other payables	17	499,999	499,999
Borrowings	16	40,394,254	40,394,254
		40,894,253	**40,894,253**

Capital risk management

The Group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The capital structure and gearing ratio of the Group at the reporting date was as follows:

Borrowings	16	71,468,715	57,574,551	40,394,254	-
Trade and other payables	17	3,350,152	1,459,980	500,000	-
Total borrowings		**74,818,867**	**59,034,531**	**40,894,254**	**-**
Cash and cash equivalents	13	(4,430,884)	(5,519,048)	(516,601)	-
Net borrowings		**70,387,983**	**53,515,483**	**40,377,653**	**-**
Equity		86,810,387	66,579,815	69,937,185	59,000,003
Gearing ratio		81 %	80 %	58 %	- %

31. Financial instruments and risk management (continued)

Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports quarterly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on loans receivable, trade and other receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses.

Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables.

The maximum exposure to credit risk is presented in the table below:

Notes to the Consolidated And Separate Financial Statements

31. Financial instruments and risk management (continued)

Group		2019			2018		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans receivable	11	88,943	-	88,943	105,174	-	105,174
Trade and other receivables	12	512,933	-	512,933	482,721	-	482,721
Cash and cash equivalents	13	4,438,489	-	4,438,489	5,519,048	-	5,519,048
		5,040,365	**-**	**5,040,365**	**6,106,943**	**-**	**6,106,943**

Company		2019			2018		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to Group companies	8	46,314,834	-	46,314,834	-	-	-
Cash and cash equivalents	13	516,601	-	516,601	-	-	-
		46,831,435	**-**	**46,831,435**	**-**	**-**	**-**

Liquidity risk

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities held are presented in the following table. The cash flows are undiscounted contractual amounts.

Notes to the Consolidated And Separate Financial Statements

31. Financial instruments and risk management (continued)

Group - 2019

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities							
Borrowings	16	-	1,519,436	44,440,827	23,325,640	69,285,903	69,285,903
Current liabilities							
Trade and other payables	17	3,350,151	-	-	-	3,350,151	3,350,151
Borrowings	16	2,182,812	-	-	-	2,182,812	2,182,812
Bank overdraft	13	7,605	-	-	-	7,605	7,605
		5,540,568	**1,519,436**	**44,440,827**	**23,325,640**	**74,826,471**	**74,826,471**

Group - 2018

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities							
Borrowings	16	-	834,866	920,207	50,313,132	52,068,205	52,068,205
Current liabilities							
Trade and other payables		1,459,979	-	-	-	1,459,979	1,459,979
Borrowings	16	5,506,346	-	-	-	5,506,346	5,506,346
		6,966,325	**834,866**	**920,207**	**50,313,132**	**59,034,530**	**59,034,530**

Notes to the Consolidated And Separate Financial Statements

31. Financial instruments and risk management (continued)

Company - 2019

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities							
Borrowings	16	-	-	40,394,254	-	40,394,254	40,394,254
Current liabilities							
Trade and other payables		499,999	-	-	-	499,999	499,999
		499,999	**-**	**40,394,254**	**-**	**40,894,253**	**40,894,253**

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the Group is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rates on all borrowings compare favourably with those rates available in the market.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate sensitivity analysis

The following sensitivity analysis represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date.

Group

At 28 February 2019, if the interest rate (prime overdraft) had been 1% per annum higher (2018: 1%) during the period, with all other variables held constant, profit or loss for the year would have been R 521,012 (2018: R39 566) lower.

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Rand	2019	2018	2019	2018

32. Segment information

Taking into consideration the Group's operations, business models and the respective intercompany relationships with the holding Company, management deems the holding company to be an integral part to ensure performance of the subsidiaries.

The presentation of operating segments and head office reconcilations are considered to be immaterial to the financial statements as the consolidated financial statements fairly present how the various operations are managed and reviewed by the decision makers. The Board is the chief operating decision maker.

Annual Report Supplementary Information – 4AX Listing Requirements

1. Non-compliance with 4AX Listings Requirements

Annual declaration
Shareholders are advised that the directors of Heartwood Properties are aware of their responsibilities in terms of the 4AX Listings Requirements and complies with the 4AX Listings Requirements, save for the following:

Interim financial statements
In accordance with section of 12.17.2 of the 4AX Listings Requirements, an issuer requires the interim financial statements of entities to be reviewed by an independent auditor unless the shareholders of such entity release the entity from such obligation by means of an ordinary resolution. The interim consolidated financial statements for the six months ended 31 August 2018 were not independently reviewed. A shareholders resolution that rectifies this matter will be submitted at the next annual general meeting.

Securities in Public Hands
On 18 January 2019 the Company issued 4 500 003 ordinary shares with no par value at 66 cents per share to select private investors who were invited to submit offers to subscribe for ordinary shares. The aggregate subscription consideration was R2 968 660. The listed share price at the date of the transaction was 73 cents. Proceeds of the placement were utilised by the Company for property development projects.

2. Subsidiaries

Name of company	% Holding 2019	% Holding 2018	Country of Incorporation	Country of Operation	Main Business
Fargofor Proprietary Limited	100%	100%	South Africa	South Africa	Property Investment
Velvet Moon Properties 93 Proprietary Limited	100%	100%	South Africa	South Africa	Property Investment
Utter Velvet Proprietary Limited	100%	0%	South Africa	South Africa	Property Investment
K2018641226 (South Africa) Proprietary Limited	100%	0%	South Africa	South Africa	Dormant
K2018642428 (South Africa) Proprietary Limited	100%	0%	South Africa	South Africa	Dormant
Nictokaybee Investments Proprietary Limited*	70%	70%	South Africa	South Africa	Property Investment
Erf733 Woodmead Ext 14 Proprietary Limited*	80%	80%	South Africa	South Africa	Property Investment

**held indirectly through Velvet Moon Properties 93 Proprietary Limited*

Annual Report Supplementary Information – 4AX Listing Requirements

3. Shareholders who are beneficially interested in 5% (five) or more of the securities of the Company

According to the Company's register of shareholders, the following shareholders held, directly and indirectly, beneficially in excess of 5% (five percent) or more in the securities of the Company at 30 May 2019:

Name of shareholder	Number of Heartwood Shares held	% Interest	Direct/Indirect
Montagu Commercial Developments Proprietary Limited*	27 405 444	23,30%	Direct
Skyscraper Property Investments Proprietary Limited*	25 649 769	21,81%	Direct
Cornop Properties Proprietary Limited*	18 624 669	15,84%	Direct
Cape Gannet Properties Proprietary Limited*	12 824 885	10,99%	Direct
The Pencil Creek Trust*	9 786 387	8,32%	Direct
The Alpha Trust	10 695 458	9,09%	Direct

*Represents indirect shareholding of a director

4. Issue of Securities for Cash

On 28 July 2018 the Company issued 4 744 455 ordinary shares with no par value at 63 cents per share to existing shareholders, being BG McLintock and GM Baker for the full and final settlement of the loan accounts due to them by the subsidiary Velvet Moon Properties 93 Proprietary Limited. Refer Note 16. The Heartwood Properties share price at the date of the loan conversion transaction was 73 cents.

On 18 January 2019 the Company issued 4 500 003 ordinary shares with no par value at 66 cents per share to selected private investors who were invited to submit offers to subscribe for Heartwood Property shares. The aggregate subscription consideration was R2 968 660. The listed share price at the date of the transaction was 73 cents. Proceeds of the placement were utilised by the Company for property development projects.

5. Notifiable Transaction

As detailed in the Heartwood Properties section 60 notice dated 12 February 2019, Heartwood Properties entered into a sale and subscription agreement during February 2019 in terms of which the Company proposed to purchase all the ordinary shares held in Utter Velvet Proprietary Limited by the trustees for the time being of the Pencil Creek Trust and the trustees for the time being of Alpha Trust, for an aggregate purchase consideration of R5 000 000 (five million Rand), which was settled through the issue and allotment of Heartwood Properties shares.

Due to the Pencil Creek Trust being a "related person" (as contemplated in terms of the Companies Act) of Mr Martin Radford Evans, being a director of Heartwood Properties, the issue and allotment of the Pencil Creek Trust Consideration Shares in terms of the sale and subscription agreement, required the approval by Heartwood Property shareholders by way of special resolution in terms of section 41 of the Companies Act, which was obtained.

Consequently, Utter Velvet Proprietary Limited became a wholly-owned subsidiary of Heartwood Properties.

Annual Report Supplementary Information – 4AX Listing Requirements

6. Board and Board Sub-Committee Members and Meeting Attendance

Main Board	Meeting Date		
	23 May 18	**07 Sept 18**	**12 Nov 18**
LJ Whall	Attended	Attended	Attended
JH Scher	Attended	Attended	Attended
AG Utterson	Attended	Attended	Attended
J Dumas	Attended	Attended	Attended
BR Seeff*	-	Attended	Attended
MR Evans	Attended	Attended	Attended

Board Committee: Audit and Risk Committee	Meeting Date	
	23 May 18	**12 Nov 18**
JH Scher	Attended	Attended
AG Utterson	Attended	Attended
BR Seeff*	-	Attended

**Appointed August 2018*

Board Committee: Remuneration Committee	Meeting Date	
	12 Nov 18	**05 Dec 18**
JH Scher	Attended	Attended
MR Evans	Attended	Attended
BR Seeff	Attended	Attended

Board Committee: Investment Committee	Meeting Date
	20 Nov 18
MR Evans	Attended
JH Scher	Attended
AG Utterson	Attended

Annual Report Supplementary Information – 4AX Listing Requirements

7. Board and Board Sub-Committee Members and Meeting Attendance

The chief executive officer and chief financial officer of the Company have entered into open-ended employment contracts with the Company. These office-bearers can terminate their employment with the Company within 3 (three) months of providing such written notice. Furthermore, the Company has not entered into any services contracts with the non-executive directors of the Company. The non-executive directors of the Company are subject to the resignation and rotation provisions of the Company's memorandum of incorporation. In accordance with clause 27.3 of Heartwood Property's memorandum of incorporation, the resignation and rotation provisions stipulate that each director (non-executive) of the Company shall serve a term not exceeding 3 (three) years and will be eligible for re-election at the end of such term.

Shareholders are referred to note 27 of these consolidated and separate financial statements for the year ended 28 February 2019 for the emoluments paid to the directors of Heartwood Property.

8. Details of all Contracts of Significance, other than contracts which have been entered into by the Company in the ordinary course of business

The Directors of the Company are not aware, having made due and careful enquiry, of any contracts involving cash flows amounting to or valued equal to 10% (ten percent) or more of the aggregate of the Group's share capital and reserves.